

**Supplemental Reporting Document
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September 2008 Investment Committee Meeting
(July 2008 Reporting Period)**

Quarterly Reports

Securities Lending Earnings

Supplemental Income Plans

Internally Managed Domestic Equity Index Fund (No items to report)



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September 15, 2008

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Securities Lending Earnings
(Quarter Ended June 30, 2008)
- II. PROGRAM:** Securities Lending
- III. RECOMMENDATION:** Information Only
- IV. ANALYSIS:**

Earnings for the quarter ended June 30, 2008, are presented to the Investment Committee for information.

	Average Lendable Assets (\$000)	Average % on Loan	Earnings (Annualized)	Income to CalPERS (\$000)
Asset Class Earnings				
Global Equities	\$89,301,338	29%	18 bp	\$38,478
Global Fixed Income	\$27,662,123	40%	14 bp	\$8,815
Total Program Earnings	\$116,963,460			\$47,293
Unrealized gain on internal collateral reinvestment				\$156,611 *
Total Program Earnings including unrealized gain				\$203,904

*Unrealized gain resulted from CalPERS use of mark-to-market accounting on the valuation of the internal cash pool, which is not market convention on collateral reinvestment pools.

Policy Violations:

Boston Global Advisors did not violate the policy during the first quarter of the calendar year.

State Street Bank did not violate the policy during the third quarter of the calendar year.

eSecLending violated the policy during the second quarter of the calendar year when a Corporate Note was downgraded from Aaa to A2. The security was rated Aaa by Moodys at time of purchase, however after the downgrade it violated our policy requirement of a minimum Domestic Corporate Note rating of A1/A+/A+. Staff reviewed the policy violation with eSec and determined the holding will remain in the external cash reinvestment portfolio while reviewing opportunities to maximize value in this position.

The program also carried over violations from the previous quarter. The overnight liquidity requirement of ten percent was first violated in the fourth quarter of last year. Staff has continued to monitor this situation and the overnight liquidity has increased, averaging 9.6% across the quarter. Additional existing violations are the result of downgrades in the external cash reinvestment portfolio. Two corporate notes and two asset-backed securities were downgraded over the past twelve months and are still held in the external reinvest portfolio. Staff is working with the manager to maximize value on these positions.

V. STRATEGIC PLAN:

This program contributes to the achievement of Goal VIII of the Strategic Plan by providing low risk incremental returns to the Fund.

VI. RESULTS/COSTS:

The securities lending program generated \$47 million of income for the quarter ended June 30, 2008. Including the \$156 million unrealized gain, total program earnings for the quarter were \$204 million. The average market value of securities on loan for the quarter was \$36.8 billion.

Mike Johnson
Investment Officer

Daniel Kiefer
Portfolio Manager

Arnold B. Phillips
Senior Portfolio Manager

Curtis D. Ishii
Senior Investment Officer

Anne Stausboll
Interim Chief Investment Officer



Investment Office

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September 15, 2008

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Quarterly Statistics
- II. PROGRAM:** Supplemental Income Plans Division
- III. RECOMMENDATION:** Information only

IV. ANALYSIS:

CalPERS 457 Plan - During the 2nd quarter ending June 30, 2008, the CalPERS 457 Plan experienced a \$15.6 million or 2.2% net increase in assets for a total of \$711.7 million. During the same quarter, participant enrollment increased from 26,652 to 27,381 for a net increase of 729 participants; and, an increase of 14 new agency adoptions for a total of 654 contracting agencies.

For fiscal year 2007/2008, the CalPERS 457 Plan achieved a \$16.6 million or 2.4% net increase in assets. The number of participants increased by 3,417 or 14.3%. The number of additional agencies that adopted our program increased by 42 or 6.9%.

State Peace Officers' and Firefighters' Defined Contribution Plan (POFF) -
For the 2nd quarter ending June 30, 2008 the POFF Plan assets increased 2.3% from \$340.0 million to \$347.8 million. The number of participants increased by 619 for a total of 40,470.

Supplemental Contributions Plan (SCP) - The SCP assets decreased 1.4% from \$21.4 million to \$21.1 million during 2nd quarter ending June 30, 2008. The number of participants decreased by 0.7% from 737 to 732.

V. STRATEGIC PLAN:

This item supports Goal V, by providing sustainable pension benefit products and services responsive to and valued by members, employers, and stakeholders.

VI. RESULTS/COSTS:

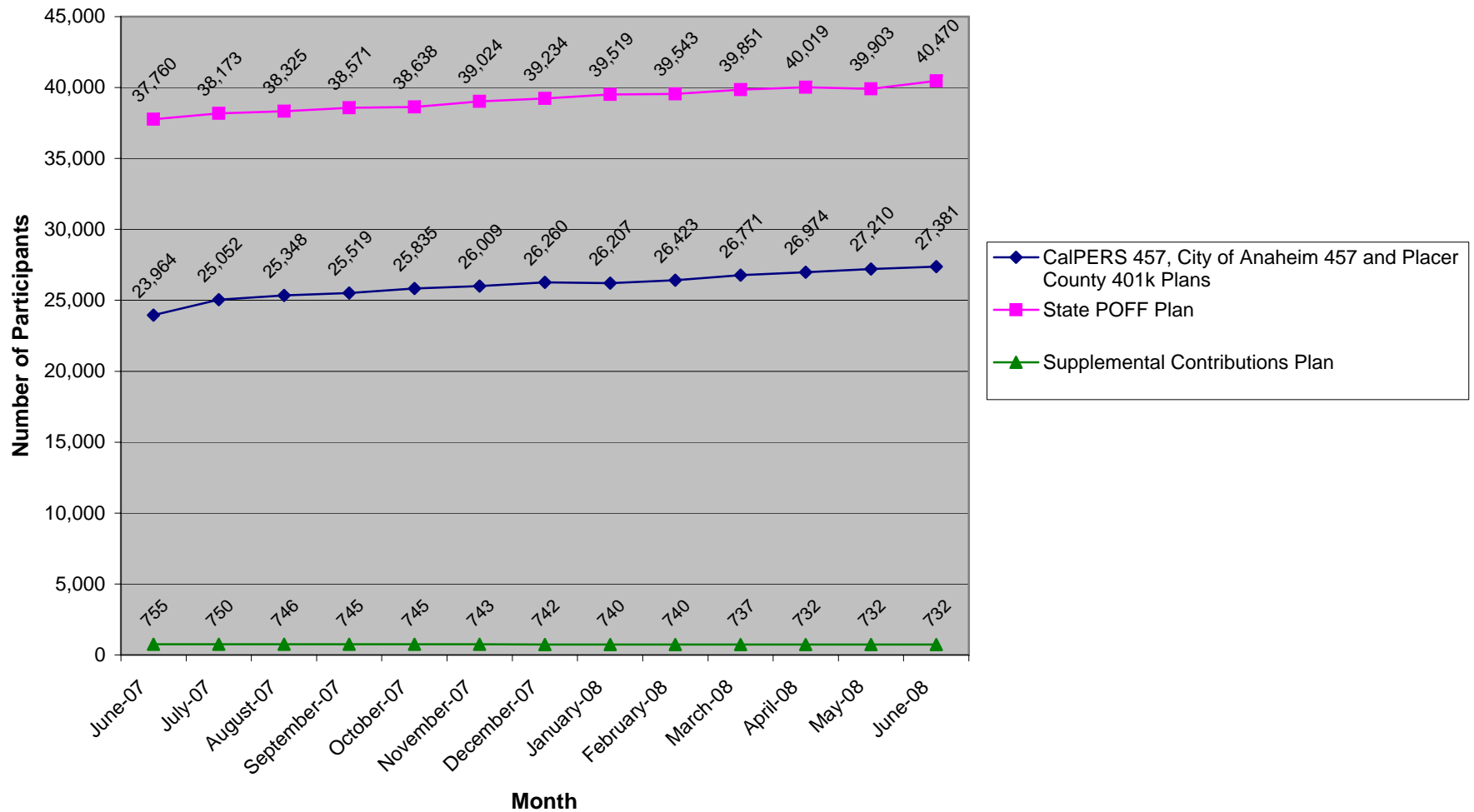
Attachment 1-3 summarizes the activities for the Supplemental Income Plans from June 30, 2007 through June 30, 2008.

Geraldine Jimenez, CFA
Division Chief
Supplemental Income Plans

Anne Stausboll
Interim Chief Investment Officer

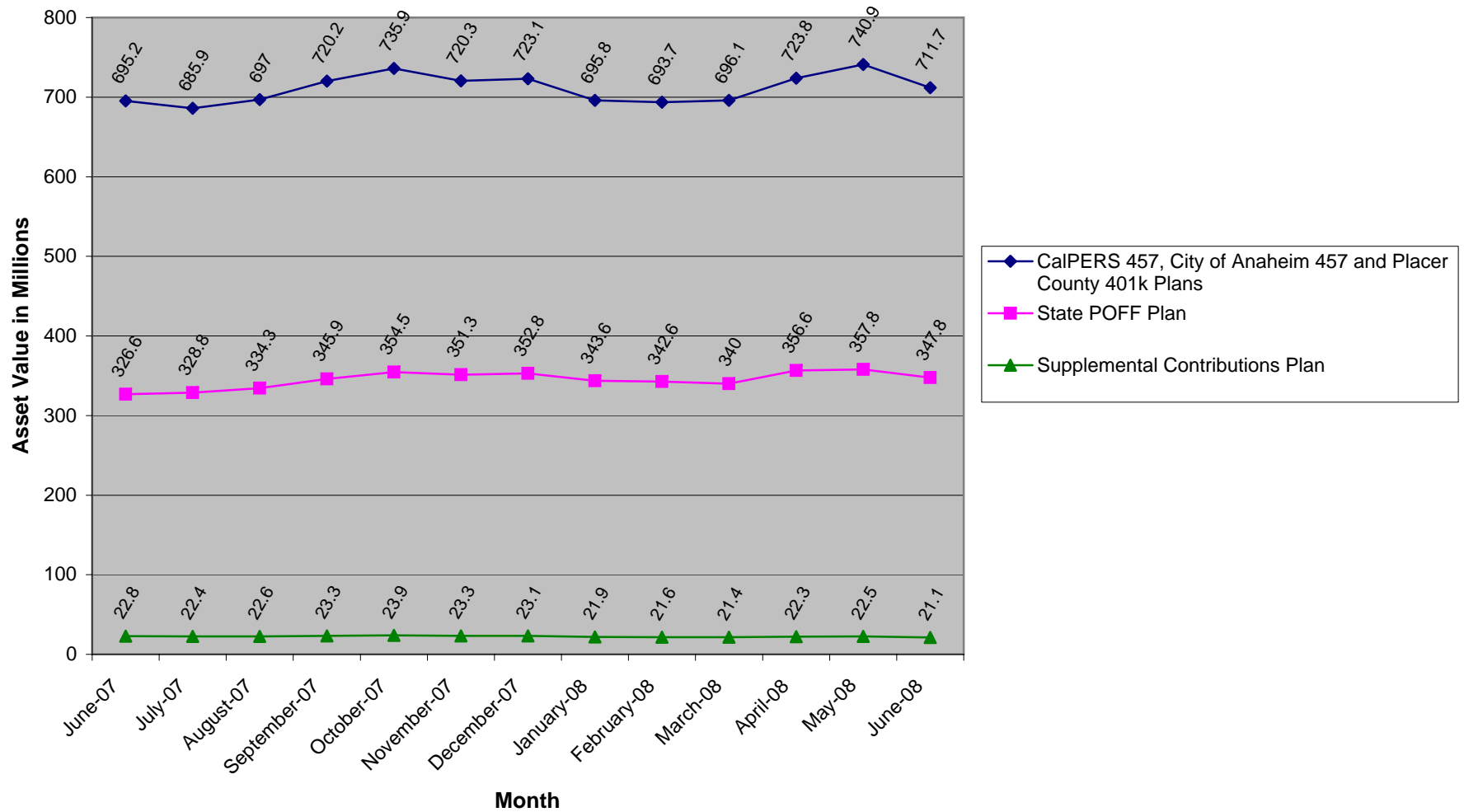
Supplemental Income Plan
Number of Participants
June 2007 through June 2008

Attachment 1



**Supplemental Income Plans
Plan Assets
June 2007 through June 2008**

Attachment 2



CalPERS 457 Plan
Total Number of Agencies
June 2007 through June 2008

Attachment 3

